

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED
SEP 28 4 01 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

RIDE-ALONG EXPERIMENT EXTENSION

Docket No. MC2001-3

**REQUEST OF THE UNITED STATES POSTAL SERVICE
FOR A RECOMMENDED DECISION ON EXTENSION OF
THE EXPERIMENTAL RIDE-ALONG CLASSIFICATION FOR PERIODICALS**

UNITED STATES POSTAL SERVICE

By Its Attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Room 6536
Washington, D.C. 20260-1137
September 28, 2001

Documents relating to this request should be served upon Mr. Foucheaux at the above address.

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RIDE-ALONG EXPERIMENT EXTENSION

Docket No. MC2001-3

**REQUEST OF THE UNITED STATES POSTAL SERVICE
FOR A RECOMMENDED DECISION ON EXTENSION
OF THE EXPERIMENTAL RIDE-ALONG CLASSIFICATION FOR PERIODICALS**
(September 28, 2001)

Pursuant to chapter 36 of title 39, United States Code, the United States Postal Service has determined that it would be in the public interest and in accordance with the policies and applicable criteria of that title to extend the expiration date of Domestic Mail Classification Schedule (DMCS) section 443.1a for the experimental Periodicals Ride-Along classification and the associated rate specified in Rate Schedules 421 (footnote 12) and 423 (footnote 5).¹ The Ride-Along experiment was implemented on February 26, 2000, and, in accordance with that DMCS provision, expires on February 26, 2002.

On September 24, 2001, as part of the omnibus rate case (Docket No. R2001-1), the Postal Service requested that the Ride-Along classification be made permanent and requested a new Ride-Along rate based on the data presented in the rate case. (See Testimony of Samuel Koroma, USPS-T-44.) Because litigation of the rate case is expected to extend beyond the experiment's current expiration date, the Postal Service is requesting that the experiment be extended until the time that the permanent classification and rate, assuming they are recommended by the Commission and put

¹ Unfortunately, this Request is being filed during the period in which the rules governing expedited minor classification cases have lapsed. These rules, 39 C.F.R. §§ 3001.69-3001.69c, will be reinstated shortly, in accordance with Commission Order No 1322. This request would have satisfied the criteria of those rules: The proposed change does not involve a change in any rate or fee. It does not impose any additional eligibility restrictions. It will not significantly change the estimated institutional cost contribution of the affected subclasses. See USPS-T-1; Docket No. R2001-1, USPS-T-44.

into effect by the Governors, can be implemented. This would allow the service to continue to be provided with no disruption to customers. In the event that the Commission does not recommend the permanent classification, the Postal Service is requesting that the experiment expire when the Periodicals rates resulting from Docket No. R2001-1 are implemented. This would allow the discontinuation of the service to be implemented together with the other Periodicals rates resulting from the rate case. The requested change also conforms with the criteria of 39 U.S.C. §§ 3623(c) and will further the general policies of efficient postal operations and reasonable rates and fees enunciated in the Postal Reorganization Act. See 39 U.S.C. §§ 101(a), 403(a), and 403(b).

In accordance with the Commission's Rules of Practice and Procedure (39 C.F.R. §§ 3001.64), the Postal Service files with this Request the prepared direct evidence on which it proposes to rely, which consists one piece of testimony. The proposed DMCS change is shown in Attachment A. The Postal Service is also filing a proposed Stipulation and Agreement and a Notice thereof, to encourage the possibility of settlement of this case.

The Postal Service does not expect this request to be controversial and is in the process of contacting the participants in the experimental case to determine if settlement is possible. The Postal Service understands that it would be helpful for Periodicals mailers and their advertisers to know well in advance of the current expiration date whether they can continue to solicit and provide advertising to be carried under the terms of the Ride-Along experiment after that date.

WHEREFORE, the United States Postal Service, pursuant to 39 U.S.C. § 3623(b), hereby requests the Postal Rate Commission to make and submit a recommended decision to the Governors supporting the Request of the Postal Service

and recommending the proposed revision to the Domestic Mail Classification Schedule set forth in Attachment A to this Request.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

A handwritten signature in black ink, appearing to read "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999; Fax -5402
September 28, 2001

ATTACHMENT A

PROPOSED DOMESTIC MAIL CLASSIFICATION SCHEDULE CHANGES

443.1a

This provision expires on [February 26, 2002] the effective date to be set by the Board of Governors for Rate Schedules 421 and 423 resulting from Docket No. R2001-1.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Request, and all related documents filed today, are being served upon the participants of record in Docket No. MC2000-1 in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
September 28, 2001

USPS-T-1

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RIDE-ALONG EXPERIMENT EXTENSION

Docket No. MC2001-3

DIRECT TESTIMONY
OF
SAMUEL J. KOROMA
ON BEHALF OF
UNITED STATES POSTAL SERVICE

AUTOBIOGRAPHICAL SKETCH

1
2
3
4 My name is Samuel J. Koroma. I am an economist in the office of
5 Classification and Product Development, Pricing and Classification, at the United
6 States Postal Service. My current autobiographical information can be found in
7 Docket No. R2001-1, USPS-T-44, page i.

TESTIMONY

This testimony supports the Postal Service's request for an extension of the Ride-Along experiment. This extension would allow the experiment to continue until such time as the Postal Service's request to make the experimental classification permanent, for which my testimony in Docket No. R2001-1 (USPS-T-44) provides support, can be considered and a permanent classification can be implemented. In the event that the permanent classification is not recommended, the experiment would expire at the time that other Periodicals rates resulting from the rate case are implemented.

The reasons presented in my rate case testimony for making the Ride-Along classification permanent also support extension of the experiment. Those reasons are incorporated by reference into this testimony. The cost and revenue effects of Ride-Along are also already documented to the extent available in the rate case, which assumes an uninterrupted continuation of the service through the test year in that case.

Extension of the experiment will provide a seamless transition from the experiment to a permanent classification. It will avoid any interruption in actual service until the permanent classification and rate can be implemented. Without an extension the experiment will expire on February 26, 2002. Even if the Commission expedites litigation of the rate case, the earliest one could expect implementation of the results of the rate case would be several months from the time the experiment expires. Such an interruption in the service would be

1 disruptive to Periodicals mailers, advertisers, and the Postal Service. Mailers
2 would have to adjust their advertising strategies and budgets, and the Postal
3 Service would have the additional administrative burden of implementing both a
4 cessation of the experiment and then, if ultimately by the Commission and
5 implemented by the Postal Service, its reinstatement. Periodicals mailers plan
6 their advertising budgets significantly in advance and would be well served to
7 know as early as possible whether the Ride-Along experiment will continue past
8 February 26, 2002.

9 In the event the Commission does not recommend making the
10 experimental service permanent, under the classification language proposed in
11 this case, the experiment would expire at the same time that Periodicals rates
12 resulting from the rate case are implemented. This would avoid the need for an
13 extra set of rate schedule changes and all the associated implementation efforts
14 and expense required on the part of the Postal Service, mailers, and third
15 parties.